GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA

STARRED QUESTION NO:104
ANSWERED ON:20.08.2007
MULTI-STATE AGRICULTURAL COMPETITIVENESS PROJECT
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Will the Minister of AGRICULTURE be pleased to state:

(a) whether the World Bank has selected four States to develop competitive marketing system and improved market access to farmers;

(b) if so, the details thereof;

(c) the aims and objectives of the World Bank aided Multi-State Agricultural Competitiveness Project; and

(d) the extent to which this project will help to overcome the existing constraints of farmers regarding poor access to markets?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI SHARAD PAWAR)

(a) to (d): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA STARRED QUESTION NO. 104 DUE FOR REPLY ON 20TH AUGUST, 2007.

(a) to (d): The Ministry of Agriculture in consultation with the World Bank and various States, which have implemented market reforms, has initially selected five States namely Andhra Pradesh, Rajasthan, Tamil Nadu, Orissa and Maharashtra to implement the Multi-State Agricultural Competitiveness Project (MACP) with the assistance from the World Bank, for which, the project proposals are expected to be made ready by the States concerned by September, 2007. Subsequently, on the request of Punjab Government, that State has also been allowed to be considered, if they could prepare and submit the required project proposal in time. Which of the above States will finally participate in the initial phase of funding, will depend on their ability to maintain the project time-table with the rest of the States and to develop suitable project plans. The appraisal of projects is likely to be taken up by the World Bank before December, 2007. Depending on the pro-activeness of the other states, the project could later be extended to them in next phases.

The Multi-State Agricultural Competitiveness Project (MACP) aims to improve the competitiveness of India`s small farmers that would allow them to capture increased income- generating potential associated with a number of emerging trends in Indian agriculture, including:
(i) shifting demand towards high value agriculture and higher quality of produce;
(ii) urbanization of demand; and
(iii) the move of large corporations into agricultural marketing. While doing so, the project intends to put in place a process that will empower small farmers to be able to respond positively to these accelerating changes in the food market by creating enabling conditions and support for production systems diversification, increase in on-farm productivity, improved product quality and standards, and realization of value-addition opportunities. In this context, knowledge and technology transfer will play an important role, something that the project aims to achieve by creating conditions that would allow the Agriculture Technology Management Agency (ATMA)-based model of extension reaching its full potential. In addition, the project intends to make agricultural markets more efficient by creating enabling conditions and support for reducing spoilage, generating economies of scale in output marketing and input supply and fostering increased competition among buyers of agricultural produce. The project would particularly support models that would allow farmers to obtain a larger slice of the retail rupee by fostering the establishment of forward linkages and the emergence of balanced supply chains. While doing so, it would open up alternative marketing platforms, besides existing regulated markets and direct purchase arrangements. The project offers the prospects of both improved prices for producers and the production which will better match consumer`s demand. Through this Project, farmers should be better able to attune their production to changes in demand and to take advantage of new and alternative marketing channels, as well as, the potential of new technologies.

The MACP will mainly focus on,
(i) expanding market infrastructure and opportunities by increasing market and associated infrastructure and making market management more responsive to farmers needs and promoting private sector investment in agribusiness,
(ii) increasing farmers` access to market opportunities by improving the relevance of market information and regulatory framework; improving supply chain management, promoting business linkages, and,
(iii) facilitating intensification and diversification of production by making extension and adaptive research more relevant and accessible to farmers; encouraging the development and introduction of more effective agricultural production systems; and reducing the risk associated with change, especially for small operators.

The project will greatly help to overcome the existing constraints of farmers regarding poor access to markets through the preparation of a District Agricultural Development & Marketing Strategy (DADMS) in each District, which would have a greater focus on the identification of the constraints and opportunities for increasing farmers` income, which in turn will be determined largely by market access, linkages, opportunities and the overcoming of constraints.